



## FINSIA SUPPORTS OVERHAUL OF THE RESERVE BANK OF AUSTRALIA

The RBA “fit for the future” review released by Treasurer Dr Jim Chalmers has been welcomed by FINSIA CEO and Managing Director Yasser El-Ansary F FIN.

“The overhaul of interest rate-setting decisions with the establishment of a ‘more expert Monetary Policy Board’ is a sensible and well-considered change to the approach adopted to the setting of official cash rates”, said Mr El-Ansary.

“Reserve Bank cash rate decisions affect millions of mortgage holders and self-funded retirees – including families and most businesses – and it stands to reason that those processes should have the greatest level of objectivity and expertise possible,” he said.

“It is entirely appropriate to ensure the RBA’s level of expertise is reviewed and enhanced with a specialist rate-setting Board made up of macro-economists and experts in labour and financial markets.

“Adding another layer of risk management with a second group of technical experts who can provide a robust level of discussion on the economic outlook is certainly a change that FINSIA and our members welcome.”

Mr El-Ansary noted that it was pleasing to see support from both the Government and the Opposition about retaining the RBA’s overall independence and an inflation-targeting framework within which to set cash rates.

“This review should be seen as a major step-change in evolving and modernising the governance of the RBA to ensure it continues to be a world-class central bank in the global context,” he added.

“It has been 25 years since the Wallace inquiry – the time is right to bring about change like this.”

Commenting on proposals for eight instead of 11 meetings a year, as well as more transparency around the internal decision-making process, Mr El-Ansary said: “Like every organisation today, accountability is key and it is appropriate for an organisation that has such an important impact on our economy to be reviewed in this way from time-to-time.”

Mr El-Ansary also welcomed the appointment of one of FINSIA’s Senior Fellows, Ms Elana Rubin SF FIN, along with Dr Iain Ross, to the RBA Board.

“It’s fantastic to see senior members of FINSIA’s membership family making a big contribution to the financial services sector and the economy and community more broadly,” he said.

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FINSIA –the Financial Services Institute of Australasia – is the professional membership body in Australia and New Zealand for the financial services industry. FINSIA’s heritage is over 130 years of progressing financial service knowledge and conduct to high standards.